



July 11, 2018

Mark Simms, Utilities Director
City of Sioux City, Iowa
405 6th Street
Sioux City, Iowa 51102

Re: Big Ox Energy-Siouxland LLC, Compliance Order
IU Permit No.: 2016-31-I Industrial Pretreatment Program

Dear Mr. Simms:

I am writing in response to the City of Sioux City, Iowa (the "City") Notice of Violation ("NOV") sent by letter on June 20, 2018 from Craig Samek and compliance Order (the "Order") sent by letter on June 28, 2018 from Mark Simms to Desiree McCaslen of Big Ox Energy Siouxland LLC ("Big Ox").

The City Order requires Big Ox to:

- a) Within 5 days, install or repair and maintain pretreatment technology which will adequately treat **Big Ox Energy Siouxland's** wastewater to a level which will comply with the design capacity of the City's POTW. The average TSS discharged from your facility shall not exceed 48,509 lbs/day as a maximum daily load. Note that this is an interim requirement and a lower limit will be required in the future.
- b) Within 10 days, submit a compliance report which summarizes operations demonstrating effective operation of the pretreatment system. The City reserves the right to inspect pretreatment facilities as part of the compliance determination.
- c) Within 10 days, submit the surcharge fee for the April billing including any late fees.
- d) Monthly monitoring reports and any City-collected samples shall demonstrate compliance.
- e) Payment of fine of **\$30,000** to **Sioux City** for the above-described violations in accordance with Sect. 10.7 of Title 13 of the Sioux City Municipal Code "Sewers" for being in violation of the monthly average loading to the City's POTW. Fine will be assessed on the following month's surcharge invoice.
- f) The IU Permit for your facility will be re-issued to incorporate at a minimum the following changes: compliance order requirements and specify reporting deadlines for monthly monitoring permits.



- g) All reports and notices required by this order shall be sent, in writing, to the following address: Utilities Director City of Sioux City, lower 405 6th Street Sioux City, Iowa 51102
- h) This order does not constitute a waiver of the wastewater discharge permit with remains in full force and effect. The City of Sioux City, Iowa reserves the right to seek any and all remedies available to it under 13.07.110 of the Title 13 of the Sioux City Municipal Code "Sewers" for any violation cited in this order.
- i) Failure to comply with the requirements of this order shall constitute a further violation of Title 13 of the Sioux City Municipal Code "Sewers" and may subject **Big Ox Energy Siouxland** including termination of discharge authorization and civil or criminal penalties.

In response to each of these orders, Big Ox responds:

- a) As of 07/01/2018, Big Ox has restored and enhanced its pretreatment technology to treat Big Ox's wastewater to achieve TSS loadings acceptable to and capable of treatment by the City POTW. As described in its 07/11/2018 letter to the City, Big Ox has acknowledged and is reviewing its capability to meet the City's proposed 48,509 lbs/day maximum daily TSS load, and has asked that the limit be enforced on a weekly average.
Big Ox continues to restore its digester operations and recover from a significant foaming event. As part of the stabilization and recovery process, Big Ox has reduced its digester throughput. Resuming full production may cause limited TSS spikes. Big Ox will inform the City as it becomes aware of any spikes and requests that the Order accommodate possible TSS exceedances until the Big Ox digester operations are fully stabilized.
- b) In its 07/11/2018 letter to the City, Big Ox provided compliance and operations information demonstrating effective operation of the Big Ox pretreatment system.
- c) In its 07/11/2018 letter to the City, Big Ox requested reductions in, and an extended payment schedule for treatment surcharges from recent months. Big Ox is waiting for the City's surcharge calculations and the City's response to Big Ox's request for surcharge mitigation. Big Ox will comply with the resulting, mutually agreed upon surcharge amount and payment schedule.
- d) Big Ox will conduct monitoring according to the IU Permit No.: 2016-31-I, at least monthly, and provide results to the City.
- e) In its 07/11/2018 letter to the City, Big Ox has requested reductions in, and an explanation of the calculation of this penalty. In particular, as explained in its



07/11/2018 letter to the City, Big Ox did provide notice of the equipment malfunctions that led to the elevated loadings.

- f) Big Ox looks forward to entering into a new or re-issued IU Permit from the City, appropriate for both City POTW and Big Ox treatment capacities.
- g) Big Ox will provide all reports and notices required by the Order to Utilities Director City of Sioux City, lower 405 6th Street Sioux City, Iowa 51102
- h) Big Ox will continue to comply with all requirements of IU Permit No.: 2016-31-I until subject to a new or re-issued permit.

Big Ox remains committed to operating a compliant facility and contributing as a collaborative Siouxland community member and City POTW customer. Big Ox thanks the City for supporting and providing opportunity for compliance during this period.

Very truly yours,

A handwritten signature in black ink, appearing to read "Rob Ernest", is written over the "Very truly yours," text.

Rob Ernest
GM – Big Ox Energy, LLC
2620 Development Drive
Green Bay, WI 54311